



Food Processing and Packaging Equipment

As Chile has developed into a major player in the international agriculture and processed foods market, the food processing and packaging industry has invested heavily, and will continue to do so, in machinery and equipment in order to meet growing foreign demand.

Market Overview

In 2004, the Chilean food processing and packaging equipment industry is expected to grow rapidly for the following reasons:

► The country's food processing sector is already an international key player, and will continue to grow given the FTAs in effect with the E.U., U.S. and other countries such as Mexico and Canada.

■ Chile has 7,000 fresh fruit producers harvesting approximately 462,000 acres. In 2002 this sector produced 1.6 million tons of fresh fruit, with US\$1.6 billion in exports.

■ Chile is the world's second-largest producer and exporter of salmon and trout (over US\$1 billion in annual exports), behind Norway.

■ Increasingly, Chilean wines are winning major international competitions and gaining successful exposure to new markets. Chile exports US\$600 million of wine per year.

■ Chile's pork, poultry, and exotic meats industries (for example ostrich), as well as its dairy industry, have grown significantly and project further production and export growth.

■ Many Chilean processed food manufacturers are

Food Processing and Packaging Equipment

(US\$ Million)	2001	2002	2003*
Total Market Size	85.0	83.8	85.0
Local Production	3.3	3.4	3.2
Total Imports	81.7	80.3	81.9
Imports from the U.S.	9.2	13.7	12.4

Source: Chilean Customs (Publitesca estimates from HS Codes)
*2003 estimates based on same HS Codes

finding their export niches with value-added food products, increasing the demand for technology and equipment to implement new projects. Chilean companies must ensure rigorous quality control at all production stages to meet international standards, and must also ensure the safe packaging of products for transportation.

► Domestic consumption of processed foods is on the rise, and the ever-increasing presence of women in the work force calls for production of new packaged food products to replace home cooked meals.

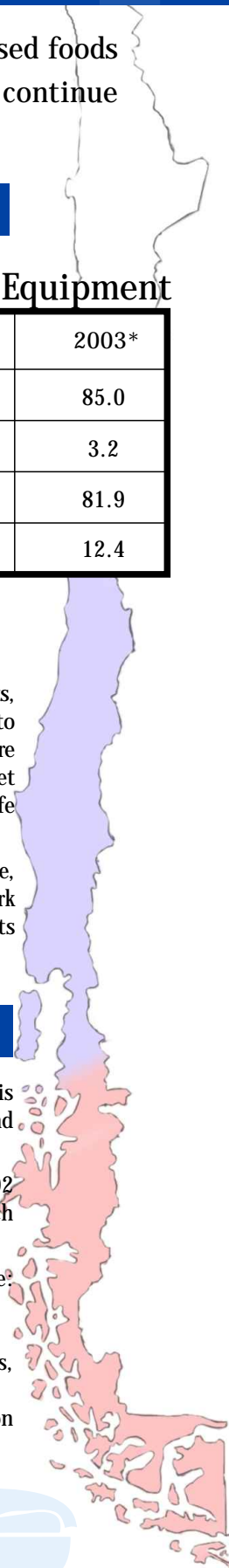
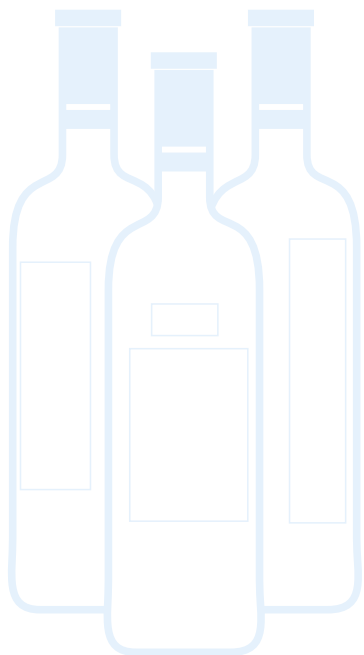
U.S. Position

► The demand for food processing machinery with larger processing capacity is rising as small to medium-sized companies are merging, increasing in size, and diversifying production.

► The U.S. share of food processing and packaging equipment imports in 2002 was US\$13.7 million, a 41% increase over 2001 imports from the U.S., which totaled US\$9.2 million.

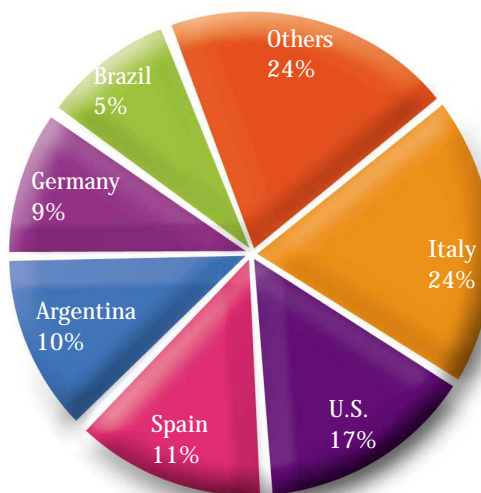
► The U.S. has proven to have a competitive advantage in supplying to Chile:

- Freezing and refrigeration equipment
- Meat processing machinery for beef and pork products (skinning machines, meat and bone separators, filleting equipment, meat grinders)
- Automatic stuffing, portioning and hanging machines (high production machinery used in the manufacture of hot dogs)
- Animal feed processing machinery
- Snack food processing machinery
- Waste recycling systems
- Electronic scales and weighing equipment
- Vacuum packaging machines



Competitors

- ▶ The food processing and packaging industry in Chile is becoming more concentrated and therefore more competitive.
- ▶ The local manufacture of food processing and packaging equipment is minimal, but there is a strong presence of European equipment and machinery, for example, Denmark and Holland dominate the dairy industry, and Italy, Spain and Germany the wine industry. This is mostly due to historical legacies and the 2003 FTA between Chile and the E.U.
- ▶ In 2003, Italy was Chile's most important supplier of food processing and packaging machinery followed by the U.S., Spain, Argentina and Germany.



Suppliers of Food Processing Machinery and Equipment 2003

Source: Chilean Customs Services

Principal Sub Sectors

(In order of importance)

- ▶ Aquaculture
- ▶ Food and vegetables
- ▶ Wine
- ▶ Meat Processing: Pork, Poultry and Beef.

Commercial Opportunities

- ▶ The best U.S. export prospects in this sector include machinery that improves efficiency and automation, and new technology for the processed foods industry, such as canned and frozen foods, fruit juice concentrates, snack foods, and dried fruits and vegetables.
- ▶ In the aquaculture industry (particularly salmon and trout) there is demand for filleting, de-boning, de-heading, and refrigeration and freezing equipment, as well as for equipment to produce ready-to-eat products.
- ▶ For agro industrial-food processors, the best opportunities are in electronic sorting machinery for grains, nuts, tomatoes, grapes and raisins. Chile's raisin production and tree nut exports are expected to expand due to larger availability of discarded table grapes and an increase in tree nut production due to expanded plantations over the last decade. Total almond production reached over 10,000 metric tons in 2002.
- ▶ Most food-related industries in Chile must meet internationally recognized health standards, which create a demand for technology, equipment and certifying companies that can assist Chilean food processing and packaging companies comply with these standards.

Other Resources

- ▶ U.S. Commercial Service Western Hemisphere Team Liaison for Chile: Susan Berry: Susan.Berry@mail.doc.gov
- ▶ Chile's Food Processors Association: www.fepach.cl
- ▶ Chilean Canned Food Exporters Association: www.fepach.cl
- ▶ Chilean Dehydrators Association: www.fepach.cl
- ▶ Chilean Frozen Products Exporters Association: www.fepach.cl
- ▶ Chilean Juice Concentrate Exporters Association: www.fepach.cl

CONTACT US

We hope that you find this information useful. If you would like further information, please contact Marylou.Lathrop@mail.doc.gov, the CS Santiago Food Processing and Packaging Equipment Specialist. Visit our website (www.buyusa.gov/chile) to discover other commercial opportunities in Chile. (December, 2003)

This report was produced by Puente Sur Ltd.



www.puente-sur.com